



OFFICE OF THE
COMMISSIONER

STATE OF CONNECTICUT

DEPARTMENT OF REVENUE SERVICES



TO: The Honorable Eileen M. Daily
The Honorable Cameron C. Staples
Members of the Finance, Revenue & Bonding Committee

FROM: Richard D. Nicholson, Deputy Commissioner *RDN*
Department of Revenue Services

DATE: February 23, 2009

RE: Raised Bill 932, AA making Changes To Various Tax Statutes.

Good morning, Senator Daily, Representative Staples, members of the Finance Committee. My name is Richard Nicholson. I am Deputy Commissioner of the Department of Revenue Services. Commissioner Law is out-of-state and unable to be here today.

Thank you for allowing me the opportunity to address the Committee. We have one bill before you today, Raised Bill 932.

Raised Bill 932 makes several technical changes as well as several changes in the way certain taxes are administered.

Section 2 of the bill clarifies the penalty provisions related to the making of a return by the commissioner in the case of a failure to file a return where a person has acquired unstamped (tax not paid) cigarettes such as internet cigarette purchases.

Section 3 of this bill also enables the DRS to publicly identify those persons who are sub jobbers or chain stores for purposes of cigarette minimum pricing. This will enable distributors to determine what minimum prices they must charge to their customers.

In Section 4 of this bill we request that responsibility for making any transfers to the Conservation Fund be transferred to the Comptroller, effective for the 2010 fiscal year. This is consistent with other fund transfers and has been agreed to by the Office of the Comptroller.

Under current law, in-state motor carriers must register annually with the DRS. In section 5 of the bill we are proposing to exempt in-state only motor carriers from having to file a quarterly report with the DRS. Because these carriers do not travel any miles and do not purchase any fuel outside of Connecticut, they are instead subject to tax at the time of

fuel purchase and are not subject to the motor carrier road tax. Therefore, there is no need for this quarterly filing requirement and its elimination will formally reduce compliance burdens on our in-state only motor carriers.

Section 6 of this bill provides for the issuance of a trip permit for those situations where a motor carrier that does not normally travel in Connecticut but needs to use Connecticut roads on a temporary basis. The permit may be issued by an authorized third party, who shall pay \$50 for each permit. The permit is valid for 72 hours and is non-transferable. The Department estimates that there will likely be 1,000 permits issued annually. Revenue raised is estimated at \$50,000. In addition, the commissioner may waive the permit requirement and authorize a motor carrier to travel through Connecticut for emergency purposes if the commissioner determines that obtaining a permit would cause any hardship or undue delay.

Section 7 of the bill also makes technical changes to the Neighborhood Assistance Act by eliminating references to tax types and instead referencing the Chapter number under which a taxpayer is subject to tax. This conforms to recent drafting practice. Section 8 of this bill corrects an erroneous omission of §12-635a in 2003 legislation which changed all Neighborhood Assistance Act credits to 60%.

In Section 10 of this bill we propose making changes to Public Act 08-127, An Act Concerning Captive Insurance Companies. Our changes will conform the new captive insurers' tax provisions to the other insurance company provisions in Chapter 207, including requiring that an annual return be filed on or before the first day of March. All other procedural provisions of Chapter 207 have been incorporated by reference.

Finally in Section 11, in compliance with the recommendation of the Auditors of Public Accounts, we propose the repeal of two provisions: §§12-34d and 12-315a.

Thank you for your favorable consideration of this bill. As always, my staff and I are available to answer any questions you may have.